

HUD-9401AM
(10-69)

RESOLUTION

PROVIDING FOR THE ACCEPTANCE OF PROPOSALS FOR PROJECT NOTES
WHICH INCLUDE A REQUEST FOR PAYMENT OF A PLACEMENT FEE

WHEREAS, the Boston Redevelopment Authority (herein called the "Local Issuing Agency") has previously adopted a resolution titled "RESOLUTION AUTHORIZING THE SALE, ISSUANCE AND DELIVERY OF PROJECT NOTES AND THE EXECUTION OF REQUISITION AGREEMENTS" on the 31st day of July , 1969 ; and

WHEREAS, the Local Issuing Agency and the United States of America (herein called the "Government") recognize the desirability of the Local Issuing Agency obtaining funds for the purpose described in the aforementioned resolution from sources other than the Government despite the existence of abnormally high interest rates which presently prevail in the private money markets; and

WHEREAS, the Government proposes to enable the Local Issuing Agency to continue to obtain loan funds from sources other than the Government by the Government making payment of a placement fee, where necessary, to the purchaser or purchasers of the Local Issuing Agency's Project Notes (herein called the "Notes"):

NOW, THEREFORE, BE IT RESOLVED by the Local Issuing Agency as follows:
Chairman or Treasurer

Section 1. The Chairman, Vice/ after receiving Government approval of a recommended award of the Notes is hereby authorized and directed on behalf of the Local Issuing Agency to award the Notes at the lowest interest rate or rates, not in excess of six percent (6%) per annum, offered in the proposals, without reference to premiums: PROVIDED, HOWEVER, that as among proposals specifying the same lowest interest rate and specifying a premium, the award shall be made on the basis of the highest premium per dollar principal amount of the Notes specified in such proposals: PROVIDED FURTHER, that in the event every proposal relating to all or any part of the Notes specifies a placement fee to be received by the purchaser as compensation for the placement of such Notes, then the award of the Notes to which such proposals relate shall be made on the basis of the lowest placement fee specified per dollar amount of such Notes.

Section 2. Each proposal submitted for all or a part of the Notes shall be substantially in the form of HUD-9402 which is incorporated herein by reference, and which is hereby approved by the Local Issuing Agency.

Section 3. The Local Issuing Agency hereby authorizes the Government to pay to any purchaser of the Notes a placement fee as compensation for services required in placing the Notes.

Section 4. Any and all prior resolutions of the Local Issuing Agency are hereby amended to the extent necessary to enable the carrying out of the actions authorized herein.

Section 5. This Resolution shall take effect immediately.

To: Boston Redevelopment Authority
From: John D. Warner, Director
Date: December 4, 1969
Subject: PRIVATE FINANCING

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The Department of Housing and Urban Development has requested the Authority to adopt the attached Resolution providing for the acceptance of proposals for the sale of Project Notes which include a request for the payment of a placement fee, which fee will be paid by the United States Treasury and not charged to the Authority.

On December 2, 1969, the Authority advertised the sale of \$19,280,000 Project Notes, First Series 1970, the bid opening to be held on December 16, 1969. The notes are to be dated January 13, 1970 and to mature on April 10, 1970.

The Federal Government will not permit local authorities to pay over 6% interest on Project Notes, the maximum interest rate in the Loan and Capital Grant Contracts. In view of the extremely high interest rates paid on recent issues, there can be no assurance that a successful sale of Notes may be made at less than 6%. The proposed system makes it possible for the bidder to add a placement fee to his bid for the excess over 6% so that the legal maximum of 6% will not be exceeded.

The Regional Office of HUD believes that the bids on December 16, 1969 will be less than 6%, but in view of the sudden and sharp fluctuations in the money market in the past year, wishes to assure a successful sale of the Notes by offering a placement fee.

Attachment